

STATE OF DELAWARE
OFFICE OF
AUDITOR OF ACCOUNTS

FAMILY FOUNDATIONS ACADEMY
STUDENT ACCOUNTING AND
ENROLLMENT

AGREED-UPON PROCEDURES ENGAGEMENT

SEPTEMBER 30, 2006

FIELDWORK END DATE: JANUARY 8, 2007

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19901

Dr. Tennell Brewington
Director
Family Foundations Academy
1101 Delaware Street
New Castle, DE 19720

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and Family Foundations Academy (the School). The procedures were performed solely to assist the specified parties in evaluating the School's compliance with laws and regulations in regard to Student Accounting and Enrollment as of September 30, 2006. Management of the school is responsible for the School's compliance with those requirements.

This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

1. Determine if the School's policies and procedures for preparing, reviewing, and reporting the September 30th student count are adequate.
2. Determine if the School properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.
3. Select 10 percent (10%) or a minimum of five "Individualized Education Program" (IEP) files at the School and verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed services, if applicable.

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We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOE and the School and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of Controller General, Office of the Attorney General, Office of Management and Budget, and Department of Finance.

R. Thomas Wagner, Jr., CFE, CGFM, CICA
Auditor of Accounts
Office of Auditor of Accounts

January 8, 2007

SCHEDULE OF FINDINGS

Procedure #1

Determine if the School's policies and procedures for preparing, reviewing, and reporting the September 30th student count are adequate.

Finding #1

The School does not have sufficient written internal policies and procedures governing the preparation, review, and reporting of the September 30th student count.

The *State of Delaware Budget and Accounting Policy Manual* states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Additionally, the manual states, "Internal control provides management with reasonable assurance that its policies and procedures are implemented and consistently followed to ensure efficient and effective organization operation." Further, the manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met."

During the official student enrollment period, the School did not have written procedures. Prior to the start of our audit the School developed written policies and procedures; however, they are not sufficient to ensure the completeness, accuracy, and timeliness of the student enrollment count at September 30th. Lack of sufficient policies and procedures may result in an inaccurate student count at September 30th.

Recommendation

The School should develop and implement in-house written policies and procedures governing the preparation, review, and reporting of the September 30th student enrollment figures to DOE. These policies and procedures should incorporate information such as:

- Documentation of personnel responsible for each task (i.e. completing forms, signing forms, etc.).
- Timeframes for the submission of documentation.
- Procedures followed if a student transfers from the Charter School to another school.
- Procedures to ensure that transferred students are only counted in one school.
- Attendance taking methodology.
- Uniform attendance records.
- Documentation of attendance codes.
- Policies regarding eligibility for a student to be included in the official student enrollment.
- Verification of attendance by teachers and upper level administrators.
- Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound, placement in an alternative education setting, engineering, etc.).
- How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks and objectives, etc.).
- Reference to pertinent rules and regulations stipulated by DOE and /or Delaware Code.
- Record retention policy.

The policies and procedures should be uniformly implemented throughout the School.

SCHEDULE OF FINDINGS

Auditee Response

Family Foundations Academy agrees to follow the State Auditor's Office recommendation for the school to develop and implement in-house written policies and procedures governing the preparation, review, and reporting of the September 30th student enrollment figures to DOE. A draft form will be sent to the Auditor's office for review, comments and/or suggestions. The School will then finalize the written policies and procedures. Family Foundations Academy hopes to have this completed by June 2007.

Procedure #2

Determine if the School properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

Finding #2

Family Foundations Academy did not properly report the School's September 30th student enrollment figures to the DOE.

Based on our review of the official student enrollment reports and documents submitted to the DOE, we noted the following errors:

- Family Foundations Academy did not accurately report the number of students either by grade or in total. In reviewing E-School records by grade, we determined that in first grade, the School under reported the number of students and in second and third grades, the School over reported the number of students. According to the *2006 Summary of Delaware Code and Department of Education Regulations for the September 30th Enrollment and Unit Computation* manual "An accurate district enrollment report depends upon accurate school records." The accuracy of school records depends upon four things: (a) The accuracy of each schools' process for enrolling students, recording attendance, and recording services rendered; (b) The quality of the district's system for collecting and aggregating the school data; (c) The accuracy of the mathematics involved; and (d) The verification of various enrollment forms for internal consistency.
- The School did not comply with DOE Within-State Transfer Students procedures. The School did not maintain documentation of the student transfers that occurred during the official enrollment period. The School transferred two students out during the official enrollment period and did not maintain documentation. Five of the in-state transfers in, occurred during the last week of the official enrollment period. The School could not provide documentation on four of these students to determine that the student received educational services at the School. Additionally, due to non-compliance with the DOE Within-State Transfer Student policy resulted in the School being unable to count a student that was enrolled in the School. According to the DOE manual "Districts and charter schools enrolling a within-state transfer student during the last ten days of attendance in September shall notify the student's previous district of enrollment no later than the last student attendance day of September."

SCHEDULE OF FINDINGS

- The School did not comply with the waiver granted by Department of Education waiving the school from the 12.5 hour requirement for special education students. Title 14 Delaware Code, Chapter 1, Section 122 (g) states, "For the purposes of ensuring that state regulations do not impede innovation or the improvement of student achievement, the local board may propose ... such a waiver (that) would further the accomplishment of state and local educational policies." Further, "The board of education shall transmit its ... proposed waiver to the Department of Education" ... and "the Department of Education may schedule ... a hearing to consider to approve the proposed waiver." "Absent scheduling of such a hearing within such a time period, the proposed waiver shall be considered approved by the Department of Education." Family Foundations Academy applied to the Department of Education and was granted a waiver from the 12.5 hour requirement for special education students. The waiver allows part time special education students to be counted as full time special education students and would have resulted in an increase in the School's state funding. In completing the Family Foundations Academy official student enrollment forms, school administration did not comply with this waiver and initially reported 14.6 students instead of 16 special education students. This condition could have resulted in the School receiving less funding. Based on the DOE 2006 *Summary of Delaware Code and Department of Education Regulations for the September 30th Enrollment and Unit Computation* manual, "If after the units are certified by the Secretary of Education, students are disqualified from the unit count through the auditing process, the units will be recalculated without those students. Other eligible students shall not be substituted for the disqualified students." Because DOE had not yet certified the units, the School did not lose funding.

The School reported a total of 230 students. Overall, applying the DOE unit count procedures, we disallowed 4 students arriving at a total student count of 226 comprised of 210 regular students and 16 special education students. Due to the number of challenges Family Foundations Academy had in preparing their Official Student Enrollment documentation, DOE did not certify the Schools Official Unit Count until January 2007. Family Foundations Academy requested 14.2 funding units. Based on the number of disallowed students, correcting the error caused by the Schools non-compliance with the Full Student Waiver, DOE certified the unit count of 14.11897 units, a reduction of .07701 from what originally requested by Family Foundations Academy. This resulted in \$6,307 reduced funding.

Recommendation

Family Foundations Academy should develop control procedures to correctly report the School's Official Student Enrollment to DOE. These procedures should include controls to ensure the accuracy of the student enrollment information with particular attention being paid to transfers both in and out during the official student enrollment period. The School should revise its September 30th student enrollment procedures to ensure compliance with Department of Education waiver and the School should ensure compliance with DOE waivers to maximize funding.

SCHEDULE OF FINDINGS

Auditee Response

Family Foundations Academy agrees to follow the State Auditor's Office recommendation for the school to develop control procedures to correctly report the Schools' Office Student Enrollment to DOE. A draft form will be sent to the Auditor's office for review, comments and/or suggestions. The School will then finalize the written policies and procedures. Family Foundations Academy hopes to have this completed by June 2007.

Procedure #3

Select 10 percent (10%) or a minimum of five "Individualized Education Program" (IEP) files at the Charter School and verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed services, if applicable.

Finding #3

One of the five IEP's reviewed did not contain the necessary signature of Academy Staff. The IEP did not contain the signature of the regular education teacher.

Title 14 *Delaware Administrative Code* Section 925, §5 "As part of the on going responsibility for the monitoring and evaluation of programs to determine compliance with state and federal requirements, the school district or other public agency shall review the IEPs of children with disabilities to determine that their content is consistent with requirements of these regulations. Documentation of monitoring efforts shall be maintained by the school district or other public agencies." Signatures of the required teachers and administrative personnel provide evidence that the School complied with the documentation requirements.

Based on discussion with DOE personnel, the lack of signatures will not affect current year funding.

Recommendation

The School should put controls in place to ensure compliance with maintenance of IEP's, including obtaining the appropriate authorized signatures.

Auditee Response

Family Foundations Academy agrees to follow the State Auditor's Office recommendation for the school to put controls in place to ensure compliance with the maintenance of IEP's including obtaining the appropriate authorized signatures. A draft form will be sent to the Auditor's office for review, comments and/or suggestions. The School will then finalize the written policies and procedures. Family Foundations Academy hopes to have this completed by June 2007.

DOLLAR IMPACT

There was no dollar impact/savings identified as a result of applying the specified agreed-upon procedures.

DISTRIBUTION OF REPORT

Copies of the Family Foundation Academy's Agreed-Upon Procedures Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Richard S. Cordrey, Secretary, Department of Finance
The Honorable Jennifer W. Davis, Director, Office of Management and Budget
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General

Other

Dr. Tennell Brewington, Director, Family Foundations Academy
Dr. Sean Moore, President, Family Foundations Academy